

The Austrian Social Partnership

1. Austria enjoys a particularly well-developed system of **co-operation between the major economic interest groups and between them and the government**. Such co-operation was essential for the reconstruction of Austria after the Second World War and created the basis for further economic growth and social stability.
2. The system of co-operation on economic and social issues, commonly referred to as "social partnership", is a **voluntary** arrangement. Developed over time, this co-operation of the various interest groups is mostly of an informal nature and not regulated by law.
3. The social partnership does not deal with industrial relations alone – **collective agreements** are negotiated on the employer side usually by the relevant sub-organisations of the Federal Economic Chamber and on the employee side by the Trade Union Federation. It is estimated that 90-95% of private-sector employees are covered by collective agreements.
4. What distinguishes the Austrian social partnership is that it extends to **practically all areas of economic and social policy**. For this reason Austria is considered an excellent example of corporatism, i.e., comprehensive and co-ordinated representation of group interests.
5. Austria's four large representative organisations – **the Trade Union Federation (ÖGB), the Federal Economic Chamber (WKÖ), the Federal Chamber of Labour (BAK) and the Chamber of Agriculture (LK)** are not merely interest groups in the narrow sense, as wage and price negotiators and lobbyists providing services for their members. They are established institutions anchored in Austria's political system in many ways.
6. The Trade Union Federation is organised as a **registered society** or association, while the three chamber organisations are **self-administrating entities under public law** with compulsory membership.
7. The essence of the social partnership is the commitment of these four interest groups to pursuing **common long-term economic and social policy aims** and their shared conviction that such aims are better achieved through dialogue leading to co-operation and co-ordinated action than through open conflict.

8. Social partnership does not mean, however, that conflicting interests are denied or ignored. It is instead a method of balancing contradictory economic and social interests by seeking **solutions that benefit all participants** and maintaining a **willingness to compromise** to achieve this end.

9. Since 1957, the co-operation of the social partners has taken place mainly through the institution of the **Parity Commission**. This commission consists of top representatives of the government and the four major interest groups.

10. The Parity Commission has **four subcommittees**: the Advisory Council for Economic and Social Affairs, the Subcommittee on International Issues, the Subcommittee on Wages and the Subcommittee on Competition and Prices.

11. Whereas the Parity Commission formerly dealt mainly with price controls and combatting inflation, it has become today an **institutionalised forum for dialogue between the social partners and the government**. Here, matters of particular importance, common strategies and concerted actions as well as any arising conflicts are discussed and the recommendations of the Advisory Council for Economic and Social Affairs are considered.

12. The **Advisory Council for Economic and Social Affairs** is a body whose task is, at the request of the social partners or the government, to study economic and social issues and to work up **unanimous recommendations of the social partners**. Such studies are usually conducted by task forces made up of experts from all areas of government, academia and business. Expert input in a policy-related body can thus be used to find common ground, establish facts and data, and encourage objectivity in economic policy debate.

13. In addition, the social partners are well-established in Austria's political system in numerous ways:
 - **Legislation**: The representative organisations have the right to evaluate proposed legislation, to make recommendations to law-making bodies, and to draft texts for legislation directly related to the interests of the social partners (social welfare and labour law, etc.).

- **Administration:** The social partners are represented on numerous commissions, advisory boards and committees and thus exert influence in matters of, for example, the apprenticeship system, inspection of working conditions, issuance of certificates of origin, competition and anti-trust policy, labour market policy and public promotion and funding programmes.
 - **Justice:** The social partners nominate candidates to act as lay judges at labour courts and appoint assessors for the cartel court.
 - The organisations play an important role in the **social security system** by maintaining representatives in the **social insurance institutions**, which are organised as self-administrating entities under public law.
 - The social partners' responsibilities also include **informal negotiating and problem solving** in their special areas of expertise, such as labour law and social welfare issues, but also trade regulations and family law, where agreement between the social partners is often a prerequisite for an appropriate solution at the political level.
14. The **aims of the social partnership have been defined in several agreements.** The Social Partnership Agreement of 23 Nov. 1992 sets out the current activities and, most importantly, has considerably broadened the aims of the partnership. The social partners are no longer concerned solely with full employment, price stability and growth, but also with securing the competitiveness of the Austrian economy in the international markets, full participation in international and especially European integration, increasing the internationalisation of the Austrian economy, promoting human talent and skills, maintaining and improving humane labour conditions, and meeting environmental challenges.
15. Through their deep involvement, the interest groups have developed a strong sense of responsibility for their political decisions, for they are aware that they influence not only their members but also the economy and society as a whole. The social partners strive to promote social stability as a comparative advantage in the international market and, through their co-operation, to stabilise economic policy and the expectations of the economic players in the medium term, thereby contributing to balanced economic development.
16. The social partnership in Austria is thus marked by a special atmosphere conducive to dialogue and negotiation. The partners are willing to implement compromises both internally and externally and to consider common medium-term goals and the broader interests of society while representing the differing interests of their

members. This necessitates, however, maintaining an open basis for communication and a constant exchange of information.